

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

DIB5018 – INTRODUCTION TO INTERNATIONAL BUSINESS
(All sections / Groups)

04 MARCH 2016
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **ELEVEN (11)** pages excluding the cover page.
2. Answer **ALL** questions in Section A, B and C.
3. Answers for Section A and B should be shaded on the OMR sheet provided.
4. For Section C: Please write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (Each question carries 1 mark). Answers for this section should be shaded on the OMR form.

1. Ahmad, an accounts manager at a large electronics firm, does not have any direct international responsibilities; however, Ahmad would **MOST** likely benefit from studying international business issues so that he can _____.
 - A. conduct better job interviews
 - B. better understand how foreign operations affect the company's competitive position
 - C. supervise and evaluate subordinates who have global assignments
 - D. understand the legalities of importing and exporting products overseas
2. Facebook, Inc. is considered as a _____.
 - A. multinational enterprise (MNE)
 - B. multinational organization (MNO)
 - C. multinational corporation (MNC)
 - D. non-governmental organization (NGO)
3. Which of the following is a primary reason that firms acquire resources and supplies from other countries?
 - A. Comply with trade regulations.
 - B. Minimize resource competition.
 - C. Decrease shipping and handling costs.
 - D. Obtain items unavailable in home country.
4. International cut flowers producers are now a stronger competitor to Malaysian cut flowers producers in the Malaysian market. Which of the following is likely the **MOST** important factor for this increase in imports?
 - A. More effective production techniques.
 - B. Advances in communication systems.
 - C. Advances in transportation and logistics.
 - D. Cross-national cooperation.
5. Which of the following **BEST** explains why Japan's economic growth has slowed?
 - A. State industries.
 - B. Import restrictions.
 - C. Poor quality control.
 - D. Fast-growing population.

Continued

6. Blue Ocean Communications, a Singaporean firm, is considering opening a facility in India. However, executives at the firm are not certain that India is the best location for investment. What is the **MOST** likely reason for management's concerns?
- A. Weak judiciary system.
 - B. Widespread corruption.
 - C. State capitalism.
 - D. Religious conflict.
7. What is the **MOST** significant problem for Singapore today?
- A. Chinese control.
 - B. Shipping costs.
 - C. Labor shortages.
 - D. Low technological expertise.
8. Colorful Company has a facility in a country that has been designated by the World Bank as upper middle-income. Which of the following is the **MOST** likely location of Colorful Company's plant?
- A. Costa Rica.
 - B. Aruba.
 - C. Curacao.
 - D. Bahamas.
9. Which of the following questions is **MOST** relevant when resolving an international business dispute?
- A. Which country's law applies?
 - B. Is the defendant financially solvent?
 - C. How long should litigation occur?
 - D. Where does the plaintiff prefer to file the dispute?
10. _____ is the chance that political forces may change a country's business environment in ways that lead investors to lose some or all of the value of their investment or be forced to accept a lower-than-projected rate of return.
- A. Governmental risk
 - B. Operating risk
 - C. Transaction risk
 - D. Political risk

Continued

11. A _____ law system is based on tradition, judge-made precedent, and usage and assigns a preeminent position to existing case law as a guide to dispute resolution.
- A. theocratic
 - B. common
 - C. customary
 - D. civil
12. Mummy Groceries, an international supermarket chain, recently opened a new store in Taiwan. Which of the following will Taiwanese consumers **MOST** likely experience?
- A. A decrease in the selection of products.
 - B. More mom-and-pop stores.
 - C. Higher standards of quality.
 - D. The loss of local jobs.
13. Jalil, a Malaysian manager, is on a business trip in Tokyo meeting with a group of executives. Jalil receives a gift from one of the Japanese executives. What should Jalil **MOST** likely do?
- A. Verify the gift's cost.
 - B. Open the gift in private.
 - C. Refuse to accept the gift.
 - D. Open the gift in front of the group.
14. Raj, an engineer, works long hours and takes full responsibility for both his good and bad work performance. Raj **MOST** likely believes in _____.
- A. self-determination
 - B. low power distance
 - C. collectivism
 - D. democracy
15. Avocado Motors is an MNC with facilities in Australia, Ireland, Canada, and the U.S. Which of the following is the **LEAST** likely problem that Avocado Motors would experience in global management?
- A. Political risks.
 - B. Cultural differences.
 - C. Language complications.
 - D. Supply chain variations.

Continued

16. Which of the following is one of Hofstede's Five Dimensions?
- A. Scope orientation.
 - B. Cultural orientation.
 - C. Time orientation.
 - D. Knowledge orientation.
17. The trade theory that says a country should export more than it imports is known as _____.
- A. mercantilism
 - B. absolute advantage
 - C. comparative advantage
 - D. import substitution
18. _____ refers to the superior features of a country that provide unique benefits in global competition, typically derived from either natural endowments or deliberate national policies.
- A. Comparative advantage
 - B. Competitive advantage
 - C. Absolute advantage
 - D. Industrial cluster
19. In his Product Life Cycle (PLC) Theory, Raymond Vernon observed that each product and its manufacturing technologies go through three stages of evolution: introduction, maturity, and _____.
- A. decline
 - B. standardization
 - C. growth
 - D. diversification
20. Assume a government is considering import restrictions on sugar because sugar imports are hurting the domestic industry. Which of the following groups is LEAST likely to speak out on the subject?
- A. Politicians in areas that grow sugar.
 - B. Employees of sugar companies.
 - C. Sugar company owners.
 - D. Sugar consumers.

Continued

21. Which of the following hypothetical examples would be a restriction on the import of services?
- A. The U.S. restricts foreign companies from carrying cargo between two U.S. cities.
 - B. Japan restricts North Koreans from visiting Tokyo Disneyland.
 - C. China does not allow the importation of rice from Thailand.
 - D. Canada does not allow Air Canada to buy Brazilian aircraft.
22. Products manufactured in Brazil are transported through Mexico on their way to England. Mexico applies a tariff on the goods. What type of tariff is implemented by Mexico?
- A. Transit tariff.
 - B. Ad valorem tariff.
 - C. Export tariff.
 - D. Compound tariff.
23. Any government regulation, policy, or procedure other than a tariff that has the effect of impeding international trade may be labeled a(n) _____.
- A. nontariff barrier
 - B. ad valorem tariff
 - C. compound tariff
 - D. export restraint
24. Which country listed below followed industrial policy to achieve economic success?
- A. Japan.
 - B. The U.S.
 - C. Canada.
 - D. Germany.
25. Sonia and Amber work together in the Hong Kong corporate office. Despite having similar backgrounds and education, they cannot agree on whether it is appropriate to offer bribes to Chinese officials for the purpose of expediting business transactions. Which ethical generalization does this MOST likely illustrate?
- A. Individuals have their personal belief systems.
 - B. Culture has the strongest influence on personal ethics.
 - C. Personal values rarely overlap with global business dealings.
 - D. Society requires individuals to rationalize ethical inconsistencies.

Continued

26. Which of the following is a common method for encouraging ethical behavior among employees?
- A. Codes of ethics.
 - B. Promoting religion in the workplace.
 - C. Public admonishment.
 - D. Highlighting the failures of competitive companies.
27. The term _____ refers to those people and organizations that are directly affected by the practices and performance of an organization.
- A. corporate customers
 - B. permanent employees
 - C. community stockholders
 - D. stakeholders
28. Firms such as Procter & Gamble that use recycled materials whenever possible are MOST likely demonstrating their _____.
- A. commitment to environmental protection
 - B. concern for general social welfare
 - C. implementation of a code of ethics
 - D. responsibility to stakeholders
29. The Body Shop seeks out opportunities to improve the welfare of individuals all over the world. It has adopted the _____ to social responsibility.
- A. obstructionist stance
 - B. defensive stance
 - C. accommodative stance
 - D. proactive stance
30. Which term refers to money denominated in the currency of another nation or group of nations?
- A. Foreign exchange rate.
 - B. Foreign subsidy.
 - C. Export tariff.
 - D. Quota.

Continued

31. If Akira, who works for a Japanese trading company that operates in Japanese yen, wanted to purchase Spanish art from a company in Spain and needed Euros to complete the transaction, he would use the _____ to gain access to spot Euros.
- A. stock market
 - B. foreign-exchange market
 - C. New York Stock Exchange
 - D. international export market
32. The _____ is the **MOST** widely traded currency in the world.
- A. pound
 - B. yen
 - C. euro
 - D. U.S. dollar
33. Melissa, a foreign-exchange trader, wants to buy euros from Stephanie. Which of the following is the price at which Melissa is willing to buy euros?
- A. Spread.
 - B. Offer.
 - C. Bid.
 - D. Cross rate.
34. Successful implementation of a _____ strategy requires a company to develop unique competencies that rivals find hard, if not impossible, to match or copy.
- A. differentiation
 - B. cost leadership
 - C. globalization
 - D. marketing
35. Which of the following would **MOST** likely be initiated through an environmental scan?
- A. BCG matrix.
 - B. Diversification.
 - C. SWOT analysis.
 - D. Strategic formulation.

Continued

36. Google essentially views the entire world as one market and assumes that there are no fundamental differences among countries with regard to consumers' preferences. Google is engaging a(n) _____ strategy.
- A. international
 - B. multidomestic
 - C. transnational
 - D. global
37. Billabong Books engages in indirect exporting, so the firm sells its books to a(n) _____.
- A. domestic customer who then sells the books to a foreign customer
 - B. foreign customer who then sells the books to a domestic customer
 - C. affiliated company located in a foreign country
 - D. foreign customer through e-commerce
38. Which of the following would **MOST** likely discourage an international firm from relying on exports as an entry mode?
- A. Tariffs.
 - B. Export promotion policies.
 - C. Export financing programs.
 - D. Home country subsidization.
39. Kodak focuses on developing photo editing software, and the firm has agreements with a Chinese manufacturer to assemble most Kodak cameras. Which entry mode for international business is used by Kodak?
- A. Management contracting.
 - B. International franchising.
 - C. Contract manufacturing.
 - D. International licensing.
40. Advanced Audio and EQ Electronics recently established a joint venture for the purpose of cooperating in the design, production, and sale of a line of audio equipment. Executives at the two firms must now decide the best way to manage the joint venture. Which of the following choices would defeat the purpose of the joint venture?
- A. Hiring an independent management team.
 - B. Jointly sharing management responsibilities.
 - C. Assigning one firm all management responsibilities.
 - D. Continuing completely separate management activities.

[TOTAL 40 MARKS]

Continued

SECTION B: TRUE/FALSE QUESTIONS (each question consists of 1 mark).
Answers for this section should be shaded on the OMR form.

Mark "A" for the TRUE statement and "B" for the FALSE statement.

41. Many professional basketball teams recruit tall youngsters in foreign countries into basketball camps where they can develop basketball skills and perhaps become candidates for professional play. This is an example of engaging in international business to acquire resources.
42. When a U.S. citizen flies Japan Airlines, the airline acts as a service exporter for Japan.
43. Iceland is a long-standing member of the European Union.
44. Japan has been criticized for unfairly promoting its exports and at the same time protecting its markets from imports.
45. Civil wars, assassinations, and kidnappings are dangerous to a firm's international operations.
46. When the British government sold its interests in British Airways to an outside investor, the government was practicing privatization.
47. Culture is permanent; it does not change.
48. Family is more important to business in the U.S. than it is in China.
49. Developing new product designs and new ways of organizing or training are some of the ways in which companies innovate.
50. According to Dunning's eclectic paradigm, proprietary technology, managerial skills, trademarks or brand names, and economies of scale are examples of ownership-specific advantages.
51. Import substitution is a program promoting local production of products that would otherwise be imported.
52. Managed trade is another term for free trade.
53. Accepting gifts in a business relationship is unethical behavior in any country.
54. A confirmed letter of credit may obligate the exporter's bank to honor a draft presented to it.
55. Two-point arbitrage involves profiting from price differences in two geographically different markets.

Continued

56. Resource deployment answers the question: "How can different elements of our business benefit each other?"
57. Reactive motivations for exporting are those that pull a firm into foreign markets as a result of opportunities available there.
58. Functional alliances are legally organized as joint ventures.
59. An alliance in which two or more firms each manufacture products is an R&D alliance.
60. Under a delegated arrangement, partner firms are highly involved in the day-to-day operations of the venture.

[TOTAL 20 MARKS]

SECTION C: STRUCTURED QUESTIONS

Answer ALL questions. Answers should be written on the answer booklet provided.

QUESTION 1

- a. As a business student, do you think it is important that you learn a second language? Why or why not? (2 marks)
- b. Explain how firms can minimize the chances of miscommunication through translation errors. (3 marks)
- c. List at least four (4) forms of nonverbal communication. (2 marks)
- d. Explain Hall's approach to characterizing culture. (3 marks)

QUESTION 2

- a. Explain the concept of CSR. (2 marks)
- b. What is philanthropic giving? Provide an example of a firm that is philanthropic. (3 marks)
- c. Define ethics. (2 marks)
- d. Provide any three (3) examples of unethical behavior exhibited by firms. (3 marks)

Continued

QUESTION 3

- a. Currencies that are freely tradable are called convertible currencies. They are also called hard currencies. List at least **four (4)** examples of hard currencies. (4 marks)
- b. Explain the terms below and provide an example for each term.
 - i. Foreign Bond. (3 marks)
 - ii. Eurobond. (3 marks)

QUESTION 4

- a. Developing an international strategy is not a one-dimensional process. Firms generally carry out international strategic management in two broad stages. List and briefly explain the **two (2)** stages. (4 marks)
- b. Corporate strategy attempts to define the domain of businesses in which the firm intends to operate. A firm might adopt any of three forms of corporate strategy. List and explain the **three (3)** strategies. (6 marks)

[TOTAL 40 MARKS]

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